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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Principles of Economics. By F. M. TAYLOR. (New York: The Ronald Press Company. 1921. Pp. ix, 577.)

All those charged with the administration of our enormous courses in general theory of economics have been greatly interested in the experimental methods of text-writing and teaching which Professor Taylor has carried on at the University of Michigan. This is the first edition of his book offered to the general public, though its prototype was first used in that university some fifteen years ago and it has been revised almost annually since. This experimental "trial and error" process the author proposes to continue for some time to come. As stated in the preface the body of doctrine presented "is, on the whole, rather markedly orthodox." The fact that a text so developed should show this result is hardly without significance—especially since a "small army of young men have assisted in teaching it" during its period of growth. It is "intended only for use as a textbook" and interest in its content deepens when it is remembered that not only has it been sixteen years in the making while subject to the test of actual classroom use, but its author has had long teaching experience, thirty-four years in elementary economics and twenty-eight in advanced courses in economic theory.

As a textbook, then, the volume contains much less introductory and historical matter than is generally offered. It plunges almost at once into a survey of the existing economic order. We are told that at Ann Arbor it is the practice to use a supplementary book on economic organization. Again the familiar chapters on practical problems are lacking. The book "is intended to perform just one special function in the student's economic education, namely, helping him to master the body of principles, mostly quite abstract, which are generally held by economic authorities." The preface claims for it the further merit that it differs from most other texts in laying "more stress on securing for the student a very definite mastery of the accepted body of economic principles—such mastery as the student of Chemistry or Physics is expected to acquire."

The proportions of the book may be briefly indicated. The preliminary analysis of the factors of production, of money, banking, speculation, and insurance, covers the first 225 pages; the discussion of value and price is assigned 150 pages; monetary theory, 45 pages; the theory of distribution, 65 pages; a critique of the present order, 60 pages. It will be noted that the treatment of distribution is very

brief, almost a summary one. Rent, interest, wages, and profits march by at an average rate of 12 pages each. By contrast the treatment of value and price makes heavy demands on space as it does on the patience and sustained interest of the student. The critical chapters carry a conclusion favorable to existing institutions:

The results are certainly below the best conceivable. Nevertheless, while great improvements are needed, are possible, and ought to be effected, we must still hold that a verdict for the substantial soundness of the system is practically inevitable. We may add that a thoroughly humane despot with power to substitute any other system thus far proposed, might very probably—if he took all the facts into consideration—decide that the system now operating was on the whole the very best one possible.

Judged as a text, doubts of its effectiveness are aroused by consideration of the unreal character of some of the illustrations employed. Thus on page 127 we have a table with eight columns and twenty-seven lines to illustrate varying conditions of return in production. It contains “the *assumed* conditions and the *assumed* general results of our series of imaginary experiments.” Yet this highly artificial table serves as the basis of discussion in at least three chapters. Again in the treatment of value and price carried through seven chapters, we begin by impressing the student with its “abstract and hypothetical character.” We make large assumptions:

First, that each man taking place in the exchange process is an ideal or perfect economic man. His feelings and motives are predominantly, if not wholly, concerned with getting the maximum of satisfactions for himself and they consistently remain so from day to day and year to year, all other motives such as charity and sympathy being shut out. The man has also full knowledge of market conditions and excellent, not to say perfect, judgment in making decisions. And his actions are entirely free of caprice, passion, and prejudice, so that he would naturally buy always in the cheapest market and sell in the dearest (p. 249).

This perfect man operates then in a perfect market where perfect competition prevails and “is supposed to carry the principles of competition to its logical conclusion—to continue competing so long as there is a surplus of immediate economic advantage over the sacrifices made.” It should be added that the discussion of price proceeds from these assumptions through three stages: the immediate process of price determination—market price; the intermediate process—normal price; and the ultimate processes. The present reviewer can see no necessity for and no pedagogic gain arising from such a wide departure from the real world and actual market conditions. It makes a vast demand on the student intellect of “but limited reach and power” to imagine clearly such hypothetical conditions which have no place in his personal experiences and it calls for a prolonged maintenance

of the class interest and capacity for sustained logical assault on difficulties to carry these artificially created men, markets and competitive conditions through seven chapters and three stages of reasoning. Such hypothetical reasoning smacks of the philosopher and the study rather than of the economist, the factory, and the market place. Will not a mastery of economic principles similar to that of the student in physics and chemistry be best acquired by similarly concrete realistic methods? The "abstract principles" of our subject are based on the facts of industry, not on philosophical abstractions and assumptions. And they are most useful when this essential relation is positively presented throughout the introductory course. Only through this method of approach do they become usable guides to conduct for the business man and the citizen in the turmoil of industrial and political life.

There are numerous, rather elaborate diagrams which do not illustrate actual industrial conditions, but are helpful through analogy, if at all. Extensive use is made of problems and examples for student solution. These are frequently inserted in the chapters. They are obviously very carefully considered and selected and make up quite the best collection the writer has examined. Frequently, however, he has felt doubtful as to the possibility of their solution on the basis of the matter previously presented. Seemingly, the intent is to arouse the student's interest in further difficulties as well as sustain and clarify his attack on present problems.

Throughout the book there is a sturdy, sustained and effective attack on persistent, current economic fallacies to which every war-worn teacher of elementary economics will give ungrudging praise. If we could throw down and obliterate these hoary "old men of the sea," our efforts would be justified. If this book carries out its promise in aiding that endeavor, the labor expended on its development will be deemed well spent.

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NEW BOOKS

AMOROSO, L. *Lezioni di economie matematica*. (Bologna: Zanichelli. 1921. Pp. 472.)

———. *Lezioni di matematica finanziaria, raccolte della Professóra Emma Sciolette*. Vol. I. (Naples: Gennaro Mago. 1921. Pp. 208.)

ARNDT, P. *Wie studiert man Nationalökonomie?* (Frankfurt a. M.: Blazek & Bergmann. 1921. Pp. 28.)

BASTIAT, F. *Economic sophisms*. Translated by P. J. STIRLING. (New York: Putnam. 1921. Pp. xii, 230. \$1.75.)